

FINAL BILL REPORT

2SHB 2498

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Synopsis as Enacted

Brief Description: Establishing an industry cluster-based approach to economic development.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives Kilmer, Buri, Morrell, Skinner, Green, Linville, McCoy, Moeller, Chase, Rodne, Conway, Haler, Morris, Ericks and Sells).

House Committee on Economic Development, Agriculture & Trade

House Committee on Appropriations

Senate Committee on International Trade & Economic Development

Senate Committee on Ways & Means

Background:

An industry cluster is a geographic grouping of interdependent, competitive companies, and their suppliers and supporting institutions. Clusters represent regional specialization and comparative advantage. There is a growing interest in looking at particular industry clusters in Washington to better focus the public support of economic development. This includes looking at the state's natural industry clusters to be more responsive in creating an educated and skilled workforce to support these clusters and in providing the necessary public infrastructure to promote expansion.

Summary:

The Department of Community, Trade and Economic Development (DCTED) must work with industry associations and organizations to identify regional and statewide industry clusters. This includes conducting focus groups, supporting industry cluster associations, and providing methods of economic communication and information among the firms within an industry cluster. The regional and statewide industry clusters may include aerospace, agriculture, food processing, forest products, business services, financial services, health and biomedical, software, digital and interactive media, transportation and distribution, and microelectronics.

In addition to the groups the DCTED works with currently, the DCTED is directed to work with industry and cluster associations as well as federal and state industries in developing industry cluster-based economic development strategies. In developing industry-cluster based strategies, the DCTED must continue to use information gathered in each service delivery region. The DCTED may conduct focus group discussions and studies, support the formation of industry cluster associations, and provide methods for communication among firms within the industry clusters. The DCTED must also work with industry clusters, private organizations, local governments, local economic development organizations, and higher education and training institutions to develop strategies to strengthen Washington's industry

clusters. On a continual basis the DCTED must evaluate the potential returns to the state from devoting additional state resources to an industry cluster-based approach to economic development.

A competitive grant program is created to assist communities to develop, in partnerships, regional economic development and industry cluster strategies and to conduct related cluster market strategies. In administering the grant program, the DCTED must work with an industry cluster advisory committee. This advisory committee must have equal representation from the Workforce Training and Education Coordinating Board, the State Board for Community and Technical Colleges, the Employment Security Department, business, and labor. The industry cluster advisory committee shall recommend criteria for evaluating applications for grant funds and recommend applicants for the grant awards. Grant applicants must include organizations from at least two counties and may include local government, economic development councils, federally recognized Indian tribes, workforce development councils, and educational institutions. Applicants should also include participants from the local business community. Financial participation of the partner organizations is required.

A grant award may be up to \$100,000 per applicant, except for King, Pierce, Snohomish, and Kitsap counties, who may not receive more than \$100,000 combined. The grant may be used to fund organizational activities necessary to develop the partnership's regional economic development and industry cluster strategies. It may also be used for related marketing strategies. Only 10 percent of the money appropriated for the competitive grant program may be used by the DCTED for administrative costs. The grant program expires June 30, 2007.

Votes on Final Passage:

House	96	2	
Senate	41	6	(Senate amended)
House	95	2	(House concurred)

Effective: June 7, 2006